

## DEPARTMENT OF FINANCE BILL ANALYSIS

**AMENDMENT DATE:** July 3, 2007  
**POSITION:** Oppose  
**SPONSOR:** California State University

**BILL NUMBER:** SB 235  
**AUTHOR:** G. Negrete McLeod

### **BILL SUMMARY:** Vision Care: Annuitants: California State University

This bill would allow annuitants of the California State University (CSU) system to participate in the newly created California State University Annuitant Vision Care Program for annuitants. This bill would require the Office of the Chancellor of the CSU to administer the program for all participating annuitants of the institution.

### **FISCAL SUMMARY**

There would be a \$75,000 General Fund cost to the state as a result of this bill. These funds would be used to start up this new program. The California State University Annuitant Vision Care Program, administered by the CSU, would be fully funded by premiums paid by the participants to mirror the Vision Care Program (VCP) for state annuitants that the Department of Personnel Administration (DPA) administers.

### **COMMENTS**

Current law specifically excludes annuitants from the CSU and University of California systems from participating in the VCP administered by DPA. We note that CSU currently contracts with Vision Services Plan for their active employee vision care. CSU has the ability to expand that contract to include CSU retirees.

We are opposed to the bill for the following two reasons:

- It is not necessary to appropriate \$75,000 General Fund for this purpose. The CSU budget of \$7.4 billions should be able to implement this program within existing resources until sufficient premiums have been received to cover costs of the start up.
- On December 28, 2006, the Governor established the Public Employee Post-Employment Benefits Commission (Commission) to deal with public employee pensions and retiree health care obligations. The Commission was created to propose ways for addressing growing pension and retiree health care obligations (the unfunded liability will be reported by Gabriel, Roeder, Smith, and Company in the June 30, 2008 financial statements). The Commission will prepare a report that will examine what is owed in retirement benefits, both pension benefits and non-pension benefits such as health and dental benefits, for which California governments are liable to the Governor and Legislature by January 1, 2008. The report will evaluate and compare various approaches for addressing governments' unfunded retirement obligations. Lastly, the Commission's report will propose a plan to address governments' unfunded retirement obligations. As such, it is premature to approve a modification in benefits at this time and we recommend this bill be deferred until after the Commission's report on January 1, 2008

Analyst/Principal (0931) K. Hansen	Date	Program Budget Manager Tom Dithridge	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

<b>BILL ANALYSIS</b>	Form DF-43 (Rev 03/95 Buff)
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**BILL ANALYSIS/ENROLLED BILL REPORT--(CONTINUED)****Form DF-43****AUTHOR****AMENDMENT DATE****BILL NUMBER**

G. Negrete McLeod

July 3, 2007

SB 235

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							
	LA	(Dollars in Thousands)							
	CO	PROP							Fund
	RV	98	FC	2007-2008	FC	2008-2009	FC	2009-2010	Code
6610/CSU	SO	No	A	\$75		--		--	0001